

Message Text

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73

ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 SAM-01 AID-20 IGA-02 SAB-01 TRSE-00 EB-11

DRC-01 /134 W

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R 272017Z FEB 74

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 6423

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY PANAMA

C O N F I D E N T I A L TEGUCIGALPA 0843

E.O. 11652: GDS

TAGS: EGEN/PFOR, HO, PN

SUBJECT: CONVERSATION WITH GENERAL LOPEZ

1. TODAY, FEBRUARY 27TH, I HAD AN HOUR LONG VISIT WITH CHIEF OF STATE GENERAL OSWALDO LOPEZ ARELLANO. THE GENERAL WAS ELATED OVER THE NEWS THAT WE HAD OBTAINED APPROVALS TO START INTENSIVE REVIEW ON LOANS WITH THE MUNICIPAL BANK (BANMA), A SEED CAPITAL LOAN FOR CAJA CENTRAL DE VIVIENDA (FINANCIERA DE AHORRO Y CREDITO); AND THE RURAL SECTOR LOAN TO SUPPORT THE VARIOUS RURAL DEVELOPMENT ACTIVITIES OF THE FIVE YEAR PLAN. HOWEVER, I THEN TOLD THE GENERAL THAT IN ADDITION TO CONVEYING THE GLAD TIDINGS THE PURPOSE OF MY VISIT WAS TO EXPRESS TO HIM PERSONALLY MY CONCERNS AS TO THE ABILITY OF THE VARIOUS GOVERNMENT ENTITIES TO INPLEMENT IN TIMELY FASHION A LOAN PACKAGE OF THIS MAGNITUDE. I SUGGESTED THAT HE PROMPTLY APPOINT OFFICIAL NEGOTIATING TEAMS FOR EACH OF THE LOANS;
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THAT HE IMPRESSES ON THESE TEAMS THAT UNLESS WE MOVE

RAPIDLY (IE, BEFORE THE END OF THE FISCAL YEAR) I COULD NOT GUARANTEE CONTINUED CARRY-OVER APPROVAL FOR NEXT YEAR BECAUSE OF THE UNCERTAIN ATTITUDE OF PORTIONS OF THE U.S. CONGRESS TOWARD FOREIGN AID.

2. THE GENERAL AGREED THAT HE WOULD DO THIS AND SUGGESTED TO ME THAT HE MIGHT EVEN BE CALLING ME LATER TODAY TO INFORM ME OF HIS DESIGNEES. I HOPE TO BE MEETING WITH HIM AGAIN NEXT WEEK TO LEARN OF HIS PROGRESS.

3. ON OTHER MATTERS THE GENERAL DESCRIBED IN GLOWING TERMS HIS RECEPTION IN PANAMA. IN ANSWER TO A QUESTION HE SAID THAT GENERAL TORRIJOS WOULD DEFINITELY BE RETURNING THE VISIT, "POSSIBLY NEXT MONTH". I ASKED IF HE FORSAW AN AUGMENTED ROLE FOR PANAMA IN CENTRAL AMERICA. GENERAL LOPEZ SAID THAT HE WAS AFRAID THAT OMAR TORRIJOS AND PANAMA STILL HAD TOO MUCH OPPOSITON IN SEVERAL CENTRAL AMERICAN REPUBLICS AND THAT IT WAS OBVIOUS THAT PANAMA WAS NOT YET READY TO BE CONSIDERED PART OF THE CENTRAL AMERICAN COMMUNITY.

4. HE SAID THAT TORRIJOS SEEMED QUITE OPTIMISTIC OVER THE US-PANAMA CANAL TALKS. GENERAL TORRIJOS HAD TOLD HIM THAT HE KNEW MORE OR LESS THE LIMITATIONS UNDER WHICH THE US WAS OPERATING, AND WAS QUITE PLEASED THAT THE US SEEMED TO RECOGNIZE THOSE OF PANAMA.

5. WITH REGARD TO THE RECENT CRITICISM OF THE PROPOSED AGRARIAN REFORM LAW THE GENERAL SEEMED IRRITATED THAT A COPY OF THE INSTITUTO NACIONAL AGRARIO (INA) DRAFT HAD LEAKED OUT, ESPECIALLY SINCE THE GENERAL HIMSELF HAD CONSIDERED MANY OF THE PROPOSALS IN THE DRAFT TO BE UNACCEPTABLE. HE SAID HE WAS CONFIDENT THAT THEIR STRATEGY OF INCLUDING PRIVATE SECTOR REPRESENTATIVES INTO DRAFT DISCUSSIONS AND MECHANISMS WILL RESULT IN A GENERALLY ACCEPTABLE PRODUCT.

6 WITH REGARD TO CRITICISMS OF THE AGRARIAN REFORM PROPOSALS ATTRIBUTED TO SUPREME COURT PRESIDENT ROBERTO RAMIREZ THE GENERAL LAUGHINGLY SHARED WITH ME HIS CONFIDENTIAL

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OPINION THAT ROBERTO RAMIREZ WAS SPEAKING MORE AS A LARGE LANDOWNER THAN AS AN OFFICIAL. HE SAID THAT RAMIREZ OWNED HUGH STANDS OF LAND, MANY OF THEM WITH QUESTIONABLE TITLES ATTACHED (TITULOS PELEADOS). HE SAID THAT MOST PEOPLE KNEW THAT, THEREBY DILUTING THE EFFECTS OF RAMIREZ CRITICISM.
SANCHEZ

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